IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT :

THE HONOURABLE MR. JUSTICE K.PADMANABHAN NAIR

WEDNESDAY, THE 19TH DECEMBER 2007 / 28TH AGRAHAYANA 1929

FAO.No. 274 of 2004()

AGAINST THE ORDER DATED 11/10/2004 IN IA 2816/04 IN OS.22/2004 of II ADDL.DISTRICT COURT,ERNAKULAM

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APPELLANTS/RESPONDENTS

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1. M/S. HOTEL PARAGON REP. BY ITS MANAGING PARTNER FAISAL K.K.,AGED 34,JANATHA JUNCTION,PALARIVATTOM,ERNAKULAM.

2. M/S. HOTEL PARAGON,REP. BY ITS PARTNER, BASHEER,AGED 38,JANATHA JUNCTION,PALARIVATTOM, ERNAKULAM.

BY ADV. SRI.K.C.CHARLES

RESPONDENTS:

M/S. PARAGON RESTAURANT CATERING
REP. BY ITS PROPRIETOR,MR.SHUMESH GOVIND,
AGED 41, S/O. SRI.VALSAN,KANNUR ROAD,
CALICUT-673001.

BY ADV. SRI.R.HARIKRISHNAN
SRI.SUDHEENDRAN. K.Y.
SRI.R.HARIKRISHNAN

THIS FIRST APPEAL FROM ORDERS HAVING BEEN FINALLY HEARD ON 19/12/2007, THE COURT ON THE SAME DAY DELIVERED THE FOLLOWING:

K.PADMANABHAN NAIR, J.

F.A.O.No. 274 of 2004

Dated this the 19th December, 2007.

J U D G M E N T

The defendants in O.S.No.22/2004, on the file of the Additional District Court, Ernakulam, are the appellants. The appeal is filed against an order passed by the court below under Order XXXIX Rules 1 and 2 of the Civil Procedure Code, by which the appellants were restrained from using the trade name 'HOTEL PARAGON'.

2. The short facts necessary for the disposal of the appeal are as follows:- The appellants opened a Restaurant, by name, 'Paragon Hotel' at Janatha Junction, Palarivattom, Ernakulam, on 12.7.2004. On 23.8.2004, the respondent issued a notice through its lawyer calling upon the appellants to stop using the name Paragon, on the ground that the word Paragon is the trade name of the respondent. Appellants sent a reply disputing the claim made by the respondent. On 17.9.2004, the respondent filed suit for a decree of permanent prohibitory injunction restraining the appellant from using the trade name, 'Hotel Paragon', which according to the respondent is deceptively similar to that of trade name of the respondent, Paragon

Restaurant. Along with the plaint, respondent filed I.A.No.2816/2004 under Order XXXIX Rules 1 and 2 of C.P.C. For an order of temporary injunction. The following were the material averments in the affidavit filed in support of the petition. The deponent is the proprietor of a proprietary concern doing business in the nature of restaurant and catering services having its place of business at Kannur Road, Calicut – 673 001. The plaintiff is engaged in the business of providing food and catering services through its concern in the name and style "Paragon", which has become unique in the field of restaurant and catering services. Sri.P.M.Govindan, a retired Government Officer started plaintiff concern in the year 1939 in the name "Paragon". The word "Paragon" means 'virtue for excellence'. It is further averred that by the long, extensive and uninterrupted use of the said service mark in the name and style "Paragon", the public has come to associate the said service mark with that of the plaintiff's concern. After the death of P.M.Govindan, his son P.M.Valsan took over the management. After his death, his widow Saraswathi was in management of the establishment. Now, it is being run by Sumesh Govind. According to the respondent, very famous and distinguished guests like Mr.Aravindan (film director), Sri.Thikkodian, Sri.M.T.Vasudevan Nair, VKN and Mr.N.P.Mohammed, are the

customers of the hotel. It was averred that Paragon Restaurant has become a household name catering to the needs of the people, not only in Kozhikode but also throughout the entire State of Kerala. It was also averred that plaintiff has got its name and reputation in the services, as it renders throughout the national and international arenas, and the plaintiff's concern also appears in the International Travel Book, 'Lonely Planet' etc. In view of the reputation of the plaintiff, articles were written in several medias and magazines like Upper Crust, Vanitha and Grihalekshmi. Due to its continuous and uninterrupted use of the name and logo and wide promotional activities by the plaintiff, the public has come to associate the name with the services of the plaintiff. The plaintiff had already filed a petition for registration under the Registration of Trade Marks Act, 1999, and the same is pending. The defendants with a malafide intention to misuse the goodwill, trade mark and logo of the plaintiff, had adopted the name Hotel Paragon, and started an establishment at Janatha Junction, Palarivattom, Ernakulam, which is deceptively similar to the plaintiff's trade mark and service mark. Defendants started the business using the trade name only on 12.7.2004. Plaintiff issued a notice on 23.8.2004 and appellants issued a reply notice on 31.8.2004, denying the claims made by the plaintiff. It is averred that

the defendants are passing of their goods under the trade mark of 1999, by using the name and style, Paragon, which is deceptively similar. Hence, the petition for injunction to restrain the appellants from using the trade name 'Hotel Paragon', which according to the respondent is deceptively similar to their trade mark. It was averred that if the injunction sought for is refused, it will be put to irreparable loss and injury.

3. Appellants filed counter affidavit contending that the suit was not maintainable. It was contended that the suit was filed with the intention to harass the appellants, so as to compel them to pay a hefty sum to the respondent, and the suit is filed with an idea of extorting money from the appellants. It was contended that respondent has no exclusive or independent right to use the name Paragon. It was also averred that the name paragon is a common English word. It is also contended that there was a chappel manufacturer under the trademark paragon, which is being sold throughout India. There are several other industrial concerns, traders and businessman in and around Kerala, using the name Paragon. Plaintiff never made any attempt to make complaints against those person who are using the name Paragon. It was contended that

in the Thrissur Town, there is a bar attached hotel, by the name and style, Hotel Paragon, which came into existence for more than 30 years, and that the respondent never made any attempt to restrain those persons from using the name. It was contended that respondent has no prima facie case for injunction against using the name Paragon. It was contended that even accepting the case of the respondent that he is running a hotel by name Paragon, that does not confer any exclusive right to the respondent to use the name. It was contended that the restaurant owned and run by the respondent is only an petty/ordinary restaurant without any reputation or good will or fame, even in Kozhikode District. The allegation that it had reputation in Kerala and even at International level was specifically denied. It was contended that the customers of the respondents are local people confined within one or two square kilometers around that hotel. Therefore, to seek injunction against the running of a hotel under the name paragon in Ernakulam is only an abuse of process of court. It was contended that respondents, appellants, had invested nearly 25 lakhs for starting the business, and if the appellants are restrained, they will be put to hardship and irreparable injury. It was further contended that by allowing the appellants to run the business, no harm will be caused to the respondent. No customer from Palarivattom will

go to Calicut to have food from respondent's restaurant and any person from Calicut will come to Ernakulam to have food from the appellants hotel, and hence, no irreparable injury will be caused to the respondent. The averment that business started in the year 1939 was denied. The averments contained in paragraphs 4, 5, 6,7 and 8 of the affidavit filed in support of the petition for injunction were also denied. The trade name and logo made by the appellants are not deceptively similar to that of respondents. It was admitted that appellants started business on 12.7.2004. It was contended that words Hotel Paragon are not identical or deceptively similar to the business or service of the plaintiff. It was also contended that the appellants never intended to pass of any goods or service of the respondent in the name and style Paragon. They are only selling their service and products. Hence, they prayed for dismissal of the injunction application.

4. On the side of the appellants, Exts.A1 to A8 were proved and marked. On the side of the respondent, Exts.B1 to B8 were proved and marked. The learned District Judge, after considering the pleadings and material, found that the respondent has made out a strong prima facie case, and the name of the appellants, Hotel

Paragon, is deceptively similar to that of the respondent, and granted an order of Injunction as prayed for. Challenging that order, this appeal is filed.

5. The learned counsel appearing for the appellants has argued that the learned District Judge had not considered any of the material points arising for consideration in this appeal. It is argued that the learned District Judge had failed to note the salient features brought out by the Trade Mark Act, 1999. It is argued that only case put forward by the respondent, plaintiff, is that the appellants are using the word Paragon. It is argued that even according to the respondent, plaintiff, they are using the word Paragon Restaurant and they have produced logo, which shows that the word Paragon is written in a particular manner inside the logo. An ordinary customer who sees the two logs will never confuse the one with the other. It is argued that Paragon is an independent word and that word is being used by large number of persons. It is argued that there is a chappel manufacturer who uses the name Paragon and there are various others using the same name. It is pointed out that in Thrissur, there is a bar attached hotel in the name and style Hotel Paragon functioning for the last 30 years. It is argued that the respondent had not taken

any steps to prevent any of them from using those names. It is argued that the respondent is only trying to extort money from the appellants. It is also argued that the respondent is doing business at Kozhikode and normally the customers of a hotel are the persons residing near-by to that hotel, and normally no person from Ernakulam will travel up to Kozhikode for taking food from that hotel. It is argued that no person from Kozhikode will come to Ernakulam for the sole purpose of taking food from the appellants hotel. It is also argued that the word Paragon is a dictionary word which is not a coined word, over which the respondent, plaintiff can have any exclusive claim. It is also argued that the respondent has no case that any particular food manufactured and supplied by the appellant is deceptively similar to a product, manufacturer and supplied by the respondent.

6. The evidence on record shows that atleast from 1960 onwards, respondent is using the name 'Hotel Paragon'. Ext.A70 is a receipt issued by the Calicut Municipality on 24.5.1960, which contains the name Paragon. Ext.A37 shows that Paragon Boarding and Lodging was subjected to sales tax assessment in the year 1970. In the year 1988, Income tax was also assessed from the Proprietor of Hotel Paragon. Ext.A47 shows that Hotel Paragon is a holder of

Permanent Account number of the Income Tax Department from 1990 onwards. Ext.A70 is the application filed by the respondent for Registration under Clause 29 of the Trade Mark Act, 1958. That application was filed on 4.4.2001. It contains a logo. After the amendment of the Trade Marks Act, in the year 2003, the respondent had filed another application on 19.8.2004 for Registration of Trade Mark under Clause 42, which includes 'service'. The appellants started using the word 'Paragon' only from 12.7.2004. On 13.8.2004, the appellants filed an application for registration under Clause 42 and that application is also pending. So, the material on record shows that the respondent was using the name Paragon from 1960 onwards. Of course, in Ext.A69 letter written by the Proprietor of Paragon Restaurant on 7.2.1995, there is an admission to the effect that the then owner started Hotel Paragon from 2.8.1977, and that the business was entrusted with Sumesh Govind during March 1994. It is also stated that from 2.8.1977 till March 1994, the establishment had engaged only the employees less than 10 and occasionally, the establishment was closed also. But there is an assertion to the effect that after 1994 March, better facilities are provided in the restaurant. So, at least from 1995 onwards, the respondent's concern is functioning. Appellants started functioning the concern only on 2004.

So, the material on record clearly establishes that the respondent is prior user of the word Paragon, so far as the appellants and respondent are concerned.

7. It is true that the learned District Judge has not considered whether the Hotel and Restaurant functioning at Calicut can seek aid of the Court to restrain another business concern at Ernakulam on the mere ground that the defendant is using the very same word, without making an alllegation that the defendant is passing of any particular product, manufactured and sold by the plainitiff. What exactly is the service which are passed of is also not stated. It is also true that the court below has not considered the effect of other establishments engaged in the manufacture of Chappal, steel etc. using the trade name Paragon. It is also brought out that a , hotel at Thrissur, which is situated in between the Kozhikode and Ernakulam is also using the very same name. The learned District Judge has also not considered the changes brought about by the Trade Marks Act, 1999, which came into force on 15.9.2003. The court below has not considered whether the word 'Paragon' is a genric name or it is a coined word over which the respondent can calim exclusive right as that of the defendants. But since there is material to show

that the plaintiff, respondent, is the prior user of the word Hotel Paragon, I am of the view that without prejudice to the right of the appellants/defendants, to agitate all these contentions at the time of trial, interim order passed by the trial court is to be maintained. The trial court can be directed to dispose of the suit, within a time frame.

In the result, F.A.O. is dismissed. The learned District Judge is directed to dispose of the suit, as expeditiously as possible, at any rate, within three months from the date of receipt of a copy of this judgment. The appellants are given a month's time to remove the board which they are now using.

K.PADMANABHAN NAIR,
JUDGE

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